

# Condensed Interim Consolidated Financial Statements (Unaudited)

## **Aureus Mining Inc.**

### **For the Three Months Ended March 31, 2012**

(Stated in US dollars)

Registered office:	Suite 2300 Toronto-Dominion Centre TD Waterhouse Tower 79 Wellington Street West Toronto Ontario M5K 1H1 Canada
Company registration number:	776831-1
Company incorporated on:	1 February 2011

**Aureus Mining Inc.**  
**Interim Consolidated Statements of Financial Position**  
(stated in US dollars)

	<b>Unaudited March 31, 2012 \$</b>	<b>Audited December 31, 2011 \$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	25,849,316	31,044,943
Trade and other receivables	327,031	227,582
	<b>26,176,347</b>	<b>31,272,525</b>
<b>Non-current assets</b>		
Intangible assets		
- Resource properties (Note 3)	5,519,965	5,519,965
- Deferred exploration costs (Note 3)	47,441,542	43,358,324
Property, plant and equipment (Note 4)	878,700	811,478
Available-for-sale investments	3,510,051	1,427,532
	<b>57,350,258</b>	<b>51,117,299</b>
<b>Total assets</b>	<b>83,526,605</b>	<b>82,389,824</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	2,139,705	2,859,746
Due to related parties (Note 6)	113,459	28,554
	<b>2,253,164</b>	<b>2,888,300</b>
<b>Total liabilities</b>	<b>2,253,164</b>	<b>2,888,300</b>
<b>Equity</b>		
Share capital (Note 5b)	39,362,588	39,065,266
Capital contribution	48,234,972	48,234,972
Share based payment reserve (Note 5c)	2,454,661	2,023,050
Available-for-sale investment reserve	(314,290)	(2,396,810)
Cumulative translation reserve	(70,368)	74,176
Deficit	(8,394,122)	(7,499,130)
<b>Total equity</b>	<b>81,273,441</b>	<b>79,501,524</b>
<b>Total liabilities and equity</b>	<b>83,526,605</b>	<b>82,389,824</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

**Aureus Mining Inc.**

## Interim Consolidated Statements of Comprehensive Income

(stated in US dollars)

	Unaudited 3 months ended March 31, 2012 \$	Unaudited February 1 to March 31, 2011 \$
<b>Expenses</b>		
Legal and professional	(142,455)	-
Depreciation (Note 4)	(64,882)	-
Wages and salaries	(446,817)	-
Share based payments (Note 5c)	(431,611)	-
Foreign exchange gain	591,522	-
Other expenses	(400,905)	-
<b>Loss from operations</b>	<b>(895,148)</b>	<b>-</b>
Finance income	156	-
<b>Loss for the period</b>	<b>(894,992)</b>	<b>-</b>
<b>Other comprehensive (loss)/income</b>		
Available-for-sale financial instruments	2,082,520	-
Currency translation differences	(144,544)	-
<b>Total comprehensive income for the period</b>	<b>1,042,984</b>	<b>-</b>
Weighted average number of shares outstanding, basic and diluted	117,950,682	-
Loss per share, basic and diluted	(0.008)	-

The accompanying notes are an integral part of these interim consolidated financial statements.

**Aureus Mining Inc.**  
**Interim Consolidated Statements of Cash Flows**  
(stated in US dollars)

	Unaudited 3 months ended March 31, 2012 \$	Unaudited February 1 to March 31, 2011 \$
<b>Operating activities</b>		
Loss for the period	(894,992)	-
Items not affecting cash:		
Share-based payments	431,611	-
Depreciation, depletion, and amortization	64,882	-
Unrealized foreign exchange gain	(670,866)	-
Changes in non-cash working capital		
Trade and other receivables	(99,447)	-
Trade and other payables	(4,047)	-
Due to related party	84,905	-
<b>Cash flows from operating activities</b>	<b>(1,087,954)</b>	<b>-</b>
<b>Investing activities</b>		
Payments for deferred exploration expenditure	(4,799,212)	-
Payments to acquire property, plant and equipment	(131,474)	-
<b>Cash flows used in investing activities</b>	<b>(4,930,686)</b>	<b>-</b>
<b>Financing activities</b>		
Exercise of stock options	297,322	-
<b>Cash flows from financing activities</b>	<b>297,322</b>	<b>-</b>
Impact of foreign exchange on cash balance	525,691	-
<b>Net decrease in cash and cash equivalents</b>	<b>(5,195,627)</b>	<b>-</b>
Cash and cash equivalents at beginning of period	31,044,943	-
<b>Cash and cash equivalents at end of period</b>	<b>25,849,316</b>	<b>-</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Aureus Mining Inc.****Interim Consolidated Statements of Changes in Equity (Unaudited)**

(stated in US dollars)

	Share capital	Capital contribution	Share-based payment reserve	Available-for sale investment reserve	Currency translation reserve	Cumulative deficit	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at February 1, 2011	-	-	-	-	-	-	-
Balance at March 31, 2011	-	-	-	-	-	-	-
Balance at January 1, 2012	39,065,266	48,234,972	2,023,050	(2,396,810)	74,176	(7,499,130)	79,501,524
Loss for the period	-	-	-	-	-	(894,992)	(894,992)
Comprehensive income/(loss) for period	-	-	-	2,082,520	(144,544)	-	1,937,976
Share-based payments	-	-	431,611	-	-	-	431,611
Exercise of stock options	297,322	-	-	-	-	-	297,322
<b>Balance at March 31, 2012</b>	<b>39,362,588</b>	<b>48,234,972</b>	<b>2,454,661</b>	<b>(314,290)</b>	<b>(70,368)</b>	<b>(8,394,122)</b>	<b>81,273,441</b>

The accompanying notes are an integral part of these consolidated financial statements.

## **Aureus Mining Inc.**

### **Notes to Interim Consolidated Financial Statements (Unaudited)**

**For the period ended March 31, 2012**

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(in US dollars unless otherwise stated)

#### **1 Nature of operations and basis of preparation**

Aureus Mining Inc. ("Aureus Mining" or the "Company") was incorporated under the Canada Business Corporations Act on February 1, 2011 in order to facilitate the Plan of Arrangement (the "Arrangement" – see Note 2). Following completion of the Arrangement, Aureus Mining holds gold assets and an investment in Stellar Diamonds plc. ("Stellar Diamonds") previously owned by Afferro Mining Inc. ("Afferro Mining", formerly African Aura Mining Inc. ("African Aura")). The focus of Aureus Mining's business is the exploration and development of such gold assets, particularly the New Liberty Gold Project.

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", they do not include all disclosures that would otherwise be required in a complete set of financial statements. They follow accounting policies and methods of their application consistent with the audited consolidated financial statements for the period ended December 31, 2011. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2011.

As the Arrangement only completed on April 13, 2011, there is no comparative quarter end information available for the quarter ended March 31, 2011.

These interim financial statements were authorised by the Board of Directors on May 11, 2012.

#### **2 Plan of Arrangement**

On April 13, 2011 African Aura completed the Arrangement under the British Columbia Business Corporation Act pursuant to which it transferred its gold assets, 30,792,770 shares in Stellar Diamonds and \$10.6 million cash (the "Transferred Assets") to Aureus Mining and African Aura was renamed Afferro Mining Inc.

The Arrangement was approved by the Board of Directors of African Aura and by African Aura's shareholders at a special meeting held on April 5, 2011.

Under the Arrangement, among other things, the Transferred Assets were acquired by Aureus Mining and each Participating Shareholder received new common shares in Afferro and Aureus Mining in exchange for the African Aura common shares held by such shareholder on the basis of one new Afferro common share and one Aureus Mining common share for each African Aura common share held by such shareholder.

## Aureus Mining Inc.

### Notes to Interim Consolidated Financial Statements (Unaudited)

For the period ended March 31, 2012

(in US dollars unless otherwise stated)

#### 3 Intangible assets

	Transferred from Afferro April 13, 2011 \$	Additions \$	December 31, 2011 \$	Additions \$	March 31, 2012 \$
<b>Resource properties:</b>					
<b>Liberia</b>					
Bea	210,000	-	210,000	-	210,000
Ndablama extension	141,349	-	141,349	-	141,349
Archaen Gold	-	60,350	60,350	-	60,350
	351,349	60,350	411,699	-	411,699
<b>Sierra Leone</b>					
Sonfon	1,017,000	-	1,017,000	-	1,017,000
<b>Cameroon</b>					
Batouri	4,091,266	-	4,091,266	-	4,091,266
	5,459,615	60,350	5,519,965	-	5,519,965
<b>Deferred exploration costs:</b>					
<b>Liberia</b>					
New Liberty	23,767,650	13,416,499	37,184,149	2,987,285	40,171,434
Weaju	1,201,561	401,656	1,603,217	91,088	1,694,305
Gondoja	34,348	1,600	35,948	-	35,948
Silver Hills	48,107	-	48,107	-	48,107
Ndablama	452,435	710,045	1,162,480	303,009	1,465,489
Leopard Rock	-	617,603	617,603	903,479	1,521,082
	25,504,101	15,147,403	40,651,504	4,284,861	44,936,365
<b>Sierra Leone</b>					
Sonfon	1,993,865	258,686	2,252,551	(258,000)	1,994,551
<b>Cameroon</b>					
Batouri	426,148	28,121	454,269	56,357	510,626
	27,924,114	15,434,210	43,358,324	4,083,218	47,441,542

(a) *Liberia*

The Company holds a mineral development agreement (“MDA”) in Liberia for gold development. This MDA is in Western Liberia and is held by Bea Mountain Mining Corporation, Aureus Mining’s local subsidiary. The MDA is valid for 25 years with an option to renew for a further 25 years and is dated November 28, 2001 and approved on March 14, 2002. The MDA allows the Company to conduct pre-feasibility and bankable feasibility studies. On July 29, 2009 the Company was granted by the Government of Liberia a Class A Mining License within the Bea MDA. The license allows the Company to explore and mine in a 457 km<sup>2</sup> area which encompasses the New Liberty Gold Project, Weaju, Gondoja, Silver Hills and Ndablama.

During the period ended December 31, 2011 the company entered into an agreement to purchase all of the shares of Archaen Gold (Liberia) Inc. (“Archaen Gold”), a company holding the exploration rights to a license area covering 89 km<sup>2</sup>. The Archaen Gold exploration license is contiguous with and immediately south of the Company’s Bea Mountain mining license and currently contains the Leopard Rock property. The transaction was accounted for as an asset acquisition and in addition to the purchase price of \$60,350 a 2.5% net profit interest (“NPI”) in relation to any future production was granted.

## Aureus Mining Inc.

### Notes to Interim Consolidated Financial Statements (Unaudited)

For the period ended March 31, 2012

(in US dollars unless otherwise stated)

#### 3 Intangible assets (continued)

(b) *Sierra Leone*

The Sonfon gold project is subject to a joint venture agreement dated June 16, 2010, as amended, with Golden Star Resources Ltd. ("GSR"). The Company has elected not to contribute its share of expenditure on the 2011 work programme and as such the Company's interest in the Sonfon project has reduced from 49% to 43%. The Company records its share of the deferred exploration costs in this project.

(c) *Cameroon*

The Batouri licence covers an area of 1,000 km<sup>2</sup> and targets gold in eastern Cameroon.

Additions to deferred exploration costs for the quarter ended March 31, 2012 are categorised as follows:

	<b>3 months ended March 31, 2012 \$</b>
<b>Deferred exploration costs</b>	
Assays incl. shipment	514,588
Communications	62,003
Community relations	32,639
Consultants and professional fees	476,227
Drilling	1,015,564
Geophysical	420,813
Infrastructure incl. roads and bridges	175,839
Licenses and permit fees	9,458
Project/field office costs	649,155
Salaries and wages	725,532
Subsistence	172,140
Transportation	87,260
Joint venture participation	(258,000)
Net expenditure during the period	4,083,218
Balance, beginning of the period	43,358,324
<b>Balance, end of the period</b>	<b>47,441,542</b>



**Aureus Mining Inc.**

## Notes to Interim Consolidated Financial Statements (Unaudited)

For the period ended March 31, 2012

(in US dollars unless otherwise stated)

**4 Property, plant and equipment**

	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
	\$	\$	\$
<b>Cost</b>			
Transferred from Afferro	288,208	528,250	816,458
Additions	89,863	266,683	356,546
At December 31, 2011	378,071	794,933	1,173,004
Additions	95,853	35,621	131,474
Foreign exchange	666	-	666
At March 31, 2012	<b>474,590</b>	<b>830,554</b>	<b>1,305,144</b>
<b>Accumulated depreciation</b>			
Transferred from Afferro	48,238	99,558	147,796
Charge for the period	68,305	145,425	213,730
At December 31, 2011	116,543	244,983	361,526
Charge for the period	22,145	42,737	64,882
Foreign exchange	44	(8)	36
At March 31, 2012	<b>138,732</b>	<b>287,712</b>	<b>426,444</b>
<b>Net book value</b>			
Transferred from Afferro	239,970	428,692	668,662
At December 31, 2011	261,528	549,950	811,478
At March 31, 2012	<b>335,858</b>	<b>542,842</b>	<b>878,700</b>

**5 Equity****(a) Authorised**

Unlimited number of common shares without par value.

**(b) Issued**

	<b>Shares</b>	<b>Amount \$</b>
On incorporation	-	-
Issued pursuant to the Arrangement	86,252,592	-
Shares cancelled	(444)	-
Shares issued in public offering	31,050,000	41,485,392
Share issuance costs	-	(2,753,408)
Exercise of stock options	527,654	333,282
Balance at December 31, 2011	117,829,802	39,065,266
Exercise of stock options	452,499	297,322
Balance at March 31, 2012	<b>118,282,301</b>	<b>39,362,588</b>

# Aureus Mining Inc.

## Notes to Interim Consolidated Financial Statements (Unaudited)

For the period ended March 31, 2012

(in US dollars unless otherwise stated)

### 5 Equity (continued)

In the quarter ended March 31, 2012, the Company issued 452,499 new common shares in exchange for the exercise of 452,499 stock options at a weighted average exercise price of Cdn\$0.65.

#### (c) Stock options

Information relating to stock options outstanding and vested at March 31, 2012 is as follows:

	March 31, 2012		December 31, 2011
Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	9,866,434	-	-
Options granted per arrangement		7,465,994	0.70
Options granted	1,741,000	2,950,000	1.52
Options exercised	(452,499)	(527,654)	0.61
Options cancelled	-	(21,906)	0.90
End of the period	11,154,935	9,866,434	0.95

Expiry date	Number of stock options outstanding		
	Exercise price per share Cdn\$	March 31, 2012	December 31, 2011
March 16, 2012	0.73	-	75,000
May 20, 2012	0.73	37,500	37,500
January 17, 2013	0.64	662,500	787,500
March 1, 2013	1.42	15,000	15,000
January 19, 2014	0.32	507,500	554,375
January 8, 2015	0.49	1,148,375	1,157,750
May 13, 2015	0.50	1,250,000	1,250,000
June 6, 2015	0.16	107,937	107,937
November 1, 2015	0.90	240,000	240,000
December 1, 2015	0.33	117,749	137,374
December 1, 2015	0.50	68,687	98,124
December 1, 2015	0.66	-	29,437
January 10, 2016	1.09	2,255,000	2,255,000
May 23, 2016	1.55	2,435,000	2,435,000
August 18, 2016	1.27	200,000	200,000
September 1, 2016	1.42	300,000	300,000
January 1, 2017	0.57	-	19,625
June 28, 2017	0.91	68,687	166,812
January 4, 2017	1.05	1,741,000	-
	0.98	11,154,935	9,866,434

## Aureus Mining Inc.

### Notes to Interim Consolidated Financial Statements (Unaudited)

For the period ended March 31, 2012

(in US dollars unless otherwise stated)

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#### 5 Equity (continued)

The fair value of the stock options granted in the three months ended March 31, 2012 was estimated at Cdn\$0.55 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	<b>3 months ended March 31, 2012</b>	<b>Period ended December 31, 2011</b>
Dividend yield	<b>0%</b>	0%
Risk free interest rate	<b>1.00%</b>	1.85 – 2.25%
Expected life	<b>5 years</b>	0.5 – 5 years
Expected volatility	<b>61.7%</b>	44 – 78%

#### 6 Related party transactions

During the three months ended March 31, 2012, the Company incurred management and office service fees of \$89,981 (period ended March 31, 2011, \$nil) payable to Afferro Mining and environmental consulting fees of \$51,158 payable to a Company with a common Director. The payable to related parties as at March 31, 2012 was \$113,459 (March 31, 2011, \$nil).

Related party transactions are in the normal course of business and occur on terms similar to transactions with non-related parties.

## Aureus Mining Inc.

### Notes to Interim Consolidated Financial Statements (Unaudited)

For the period ended March 31, 2012

(in US dollars unless otherwise stated)

#### 7 Segment information

The Company is engaged in the acquisition, exploration and development of gold properties in the West African countries of Liberia, Cameroon, and Sierra Leone. Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the geographical location. The reportable segments under IFRS 8 are as follows:

- Liberia exploration and development;
- Cameroon exploration;
- Sierra Leone exploration; and
- Corporate.

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended March 31, 2012:

	<b>Liberia exploration and development</b>	<b>Cameroon exploration</b>	<b>Sierra Leone exploration</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss/(gain) for the period	125,800	1,832	-	767,360	894,992
Segment assets	46,457,559	4,692,065	3,065,551	29,311,430	83,526,605
Segment liabilities	1,254,944	28,120	-	970,100	2,253,164
Depreciation of property, plant and equipment	63,050	1,832	-	-	64,882
Capital additions					
– property, plant and equipment	30,753	58,793	-	41,928	131,474
– intangible assets	4,284,861	56,357	(258,000)	-	4,083,218